



Colorado  
Legislative  
Council  
Staff

HB16-1270

FINAL  
FISCAL NOTE

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**FISCAL IMPACT:** ☐ State ☐ Local ☐ Statutory Public Entity ☐ Conditional ☒ No Fiscal Impact

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**Drafting Number:** LLS 16-0515

**Date:** June 13, 2016

**Prime Sponsor(s):** Rep. Lee  
Sen. Scheffel; Heath

**Bill Status:** Signed into Law

**Fiscal Analyst:** Erin Reynolds (303-866-4146)

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**BILL TOPIC:** SECURITY INTEREST OWNER'S INTEREST IN BUSINESS ENTITY

### Summary of Legislation

The bill effectuates the "pick your partner" principle by allowing small businesses to control their ownership under the Colorado Corporation and Associations Act and the Uniform Commercial Code.

### Background

Senate Bill 06-187 made several changes to the Colorado Corporation and Associations Act. One change was to clearly and broadly exempt an owner's interest in a business entity from the provisions of the act.

The "pick your partner" principle has to do with business owners restricting themselves and their partners from transferring any portion of a membership interest without the consent of the other owners.

### Assessment

The bill does not change the revenue or expenditures for any agency of state or local government. For this reason, the bill is assessed as having no fiscal impact.

### Effective Date

The bill was signed into law by the Governor on April 21, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed. It applies to conduct occurring on or after this date.

### State and Local Government Contacts

Law

Secretary of State

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: [www.colorado.gov/fiscalnotes](http://www.colorado.gov/fiscalnotes).